

Section 5. Terms of Reference

5.1 Introduction:

5.1.1 The Government of Pakistan via the Small and Medium Enterprise Development Authority (SMEDA) is seeking proposals to support the development of the leather and sports goods sectors in Pakistan. Since inception, SMEDA itself and in partnership with donors has been working with key sectors in the Pakistan economy to upgrade their competitiveness in regional and international markets. Specifically, SMEDA and the sectors have sought to:

- Achieve a coming together of Pakistani industry clusters to cooperate in implementing strategies to reposition themselves in world markets.
- Increase Pakistan's exports and value addition.
- Mobilize private investment
- Reform the policy environment.

5.2 Statement of Need

The purpose of this projects is to assist the Leather and Sports Goods Sectors in Pakistan to reposition themselves for long-term competitiveness in world markets, with quantifiable benefits for each industry and its contribution to the economy overall. The focus of this effort will be on catalyzing action among the public and private sector leaders, with an emphasis on transferring skills, networks, tools and working methods to both the SWOGs and to SMEDA during this process so that the same methods could be used by the Government of Pakistan to engage a number of additional industries.

This effort will work directly with business leaders, industry association and government officials to understand the current competitive position of the leather and sporting goods sectors and design strategic action plans for the two sectors. The strategic action plans will outline the practical steps that private sector and public sector leaders can take to boost the competitiveness in each industry. While the strategy development based on rigorous analysis will be an important first stage in this work, the focus of this effort will be on implementation. The key to reaching the objective will be to engage the local and regional industry and governmental leadership in ways that can catalyze the initiatives and create momentum within the sector and a sense of ownership by the sectors leaders. The specific objectives of this project are to work with sector leadership to:

5.2.1 Benchmark sector performance against international best practices.

5.2.2 Identify current domestic market trends in comparison with dynamics in regional and international markets.

5.2.3 Perform Value Chain Analysis for gap identification and improvement through strategic initiatives.

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5.2.4 Develop strategies for improving sector competitiveness encompassing better use of technology, innovation, manufacturing processes, human resources, and marketing.

5.2.5 Promote improved public-private and intra-sectoral dialogue to address constraints and irritants in the business environment.

5.2.6 Mobilize investment (from both the public and private sector) to support sector initiatives.

5.2.7 Enhance the capacity of Pakistani businesses to operate in the international market.

5.2.8 Advise and assist the implementation of sector initiatives designed to introduce new technologies and business practices required for global competitiveness.

5.3 Statement of Work

The project aims to catalyze a substantive change in the competitiveness of the Leather and Sports Goods Sectors. This project will follow an approach with **distinct working groups and strategies** for each sector in partnership with SMEDA over the course of 12 working months. The consultant will work with the leadership of each sector to build sector-wide consensus and assess possible fallouts. The sector strategies design thus, should result in quantifiable improvements in each sector's performance during implementation.

Consultants will be expected to:

- a. Convene and engage with sector leadership, form formal strategic working groups (SWOGs), facilitate MoUs with each sector SWOG.
- b. Apply sector diagnostics to assess the market dynamics and competitive position of Pakistan in relation to international competitors.
- c. Develop targeted strategies that promote the strengths, address weaknesses, and reposition the sector in regional and international markets. These strategies will flow from the sector diagnostics but will also be assisted by international industry experts and business strategists working with each sector.
- d. Mobilize international experts in both Leather and Sports Goods sectors to help/develop sector strategies based on international best practices.
- e. Identify, design and support the key policy reform initiatives to improve business environment.
- f. Advise and assist in initiating the implementation of strategic initiatives and mobilization of specialized expertise.
- g. Assist in identifying additional sources of financing for strategic initiatives and key investment opportunities in the sector.

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h. Identify monitoring & evaluation parameters and performance indicators to assess the impact of initiatives through the application of quantitative and qualitative methods including stakeholder interviews, cost-benefit analysis, and estimations of extra value-addition that may be attributed to project activities.

i. Identify any other work which is directly or indirectly related to or required for achieving the desired outcome.

5.3.1 Project Management

It is expected that the project will be staffed by a full time project team and team leader based in Pakistan. The project office, staff, and equipment will be funded through the project budget and managed directly by the contractor. Throughout the initiative it is expected that the contractor will:

- a. Report to the designated Project Director (PD) of SMEDA on a regular basis.
- b. Submit quarterly and other reports to PD, SMEDA detailing progress to date.
- c. Work in partnership with SMEDA sector coordination team throughout the process to engage with the Sector leadership and develop the sector strategies.
- d. Provide comprehensive feedback to Monitoring & Evaluation Team.
- e. Work with all stakeholders in the sector across industry, government and academia at both the national and provincial levels for phasing in the strategic initiatives.

5.3.2 Logistics and Timing

a. Assignment Location

The assignment will be based in Lahore, Pakistan, but will require active presence in all regions of Pakistan that play a key role in each sector.

b. Project Period

The project is expected to last about 12 working months from the date of its commencement. The urgency for this project is high. As a result, it is expected the contractors will mobilize immediately upon award. The project timeline for the first three months envisioned as follows, however the proposed methodology is in no way limited to this approach:

- Within the first 4 weeks, the contract will have mobilized support for the project including establishing office space, hiring office staff, and convening sector leadership.
- By the end of the third week, the contractor will submit to SMEDA a detailed project work-plan to cover the full twelve months.

- By the end of the 6th week, the contractor will have convened leadership in both sectors and established formal working groups under signed MoUs.

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- By the end of the third month, the contractor will have conducted all industry and market analysis, and will have assisted the SWOG in developing a clear vision and strategic action plan.

5.3.3 Requirements and Qualifications

a. Expertise required

The contractor must propose a team comprising of international team leader, and specialist consultants to work in Pakistan, assisted by a team of local business strategists and support staff. It is critical that the contractor have knowledge and experience in implementing a catalytic approach to strategic sector development and propose a tested approach to increasing sector competitiveness. The consultants need to have demonstrated experience delivering results in improving sector competitiveness in similar projects, preferably in Pakistan.

b. Qualifications

The contractor will have a demonstrated ability to:

- Convene disparate parts of each sector together onto one platform to agree on a vision and strategy for the sector and speak with one voice.
- Implement a catalytic strategic approach to supporting sector development in a way that fosters ownership and accountability among the sector leaders and co-ownership among the key public sector leaders.
- Use rigorous industry and market analytics to assist the private and public sector to develop sound strategies and effective implementation mechanisms.
- Identify and mobilize international experts in both sectors.
- Arrange successful study tours for industry leaders to recognized international centers of excellence and create effective linkages with the most competitive markets internationally.
- Assist industry to partner with the public sector to identify and support increases in the industry's competitiveness.
- Link industry and academia in workforce development initiatives.
- Assist sector leaders to form public-private partnerships in a joint effort to mobilize investment. To ensure immediate mobilization and action, the contractor is expected to have:

- Knowledge of the Government of Pakistan, its economic policy objectives, and the institutional agencies supporting SMEs at the national and provincial level
- Preferably established presence in Pakistan.
- Knowledge of working methods that have been successful to date with supporting sector development in Pakistan.
- The ability and willingness to operate effectively in all regions, including the remote areas of Pakistan.

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5.3.4 Reporting and Monitoring

Reporting Parameters:

- Inception Report
- Progress Report (Quarterly) indicating progress on SOW and Project

Deliverables as specified in the TORs appended with this RFP.

- Consultants views on adequacy of approach and suggestions to improve should be documented in Quarterly Report.
- Interim Completion Reports on all the deliverables individually as per schedule.
- Interim Completion Report of the project with reference to deliverable no. 7 stipulated in 5.3.6.
- Draft Final Completion Report along with all the deliverables in serial no. 7 & 8 stipulated in 5.3.6.

5.3.5 Project Deliverables

No. Deliverable Critical Path

Working Months

- Orientation Meetings and Workshops with private/public stakeholders to mobilize voluntary SWOG members, in all major clusters of both sectors.
- Consultative meetings and working sessions with sector players for a unified SWOG vision.
- Value Chain & SWOT Analysis.
- International Benchmarking and Study Tours (Technology, HR Development, Production Processes, Quality Assurance, Marketing, etc.)
- Develop Key Performance Indicators to Assess Impact of Proposed Sector Development Initiatives

6. Advocacy workshops/seminars for a National Sector Development Strategy based on Sectorwide Consensus.

7. Documentation and Presentation of Strategy to the Ministry of Industries, Production and Special Initiatives or higher authorities, led by SWOG.

8. Comprehensive Strategy implementation proposal including a PC1 reflecting strategy objectives and supported by a Business plan for each of the initiatives and projects.

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5.3.6 Expected Outcomes and Key Performance Indicators

- Industry leaders coalesced and cooperating in a meaningful manner.
- Consensus achieved on sound strategy informed by rigorous market analysis and global industry experts.
- New international linkages with global centers of excellence/buyers.
- Strategic and policy initiatives implemented delivering targeted results and improved performance.
- Private investment mobilized
- Increased value addition, exports and foreign exchange for Pakistan.
- Increased tax revenues that more than justify this investment.
- More jobs and/or better jobs.